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Livestock and Products

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Report Highlights:

Uruguay's beef exports in 2004 are expected to increase from 314,000 to 330,000 metric tons (MT) due to larger demand from export markets. Foot-and-Mouth Disease (FMD) is under control throughout the country, with 70 markets reopened to fresh boneless beef, including the United States (U.S.) and Canada. Cattle exports are expected to fall significantly in 2004, due to a decrease of cattle prices in 2003 in the region, and relatively high domestic prices. Cattle stocks are forecast to continue to increase, as the calf crop is expected to be larger than the slaughter.

Includes PSD Changes: Yes
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SECTION I. SITUATION AND OUTLOOK

Trade

Uruguay's beef exports for 2004 are expected to increase to 330,000 metric tons (MT) due to stronger demand from export markets. Larger production and declining domestic consumption will increase export supplies, which are currently being absorbed by the main beef export destinations led by NAFTA members, the U.S. and Canada. The Uruguayan economy is undergoing its fifth year of recession as a consequence of the Brazilian economic crisis first, followed by the economic and political crisis in Argentina in 2002. After devaluation of the Uruguayan Peso in June 2002 (approximately 85 percent to date), Uruguayan exporters have become more competitive. The agricultural sector, especially beef production, is one of the few sectors that has been successful, given the difficult economic situation.

The Government of Uruguay (GOU) has made strenuous efforts towards the definitive eradication of Foot-and-Mouth Disease (FMD), whose last outbreak was detected in August 2001. To date, around 70 export markets have reopened to Uruguayan fresh boneless beef, beginning with the European Union (EU) and Israel in November 2001. Canada was reopened in January 2003, and the U.S. in June 2003. Mexico is expected to reopen in 2004, and the Asian high-value beef markets, Japan and Korea, are not expected to resume exports while the country continues vaccinating. Uruguayan animal health authorities are planning to vaccinate all cattle again in 2004, and will not discontinue vaccination until FMD is under control throughout the region.

Beef exports for 2003 are estimated at 314,000 MT. Uruguay's beef exports increased from 136,000 MT in January-July 2002 to 152,000 MT for the same period of 2003. This increase was primarily due to the opening of the NAFTA market, and especially the U.S. and Canadian markets. Although after the occurrence of the first case of Bovine Spongiform Encephalopathy (BSE) in Canada, beef exports to that country fell significantly, the almost simultaneous opening of the U.S. market created very favorable conditions for Uruguayan beef. In July 2003, the U.S. became the primary export destination for Uruguayan beef, totaling exports of 9,400 MT compared to 600 MT in July 2002. Beef cuts exported were mainly frozen boneless hind and forequarters, and trimmings. As in the past few years, Uruguay filled completely its 6,300 MT participation in the Hilton beef quota. The GOU's efforts to have the quota increased to 8,600 MT for the period July 2002-June 2003 was not successful. The following table illustrates Uruguayan main beef export markets:

(MT-CWE)

Country	Jan-July 2003	Country	Jan-July 2002
Canada	46,000	EU	28,350
Israel	20,000	Israel	28,300
U.S.	13,700	Brazil	17,000
EU	13,000	Egypt	10,300
Algeria	12,900	Algeria	9,500
Chile	9,500	Russian Federation	7,400
Russian Federation	6,900	Chile	5,800
Brazil	6,400	U.S.	3,000

Cattle exports are expected to fall significantly in 2004, due to a decrease of cattle prices in the region and relatively high domestic prices. In 2003, Jordan has imported over 11,000 head, accounting for almost all Uruguay's cattle exports projected by Post for 2003. Other markets that remain open for Uruguay's cattle are Argentina, Brazil, Peru, Venezuela, and Ecuador.

Uruguay is a traditional beef exporting country. Thus, no significant beef imports are expected to happen either in 2003 or 2004. During 2002, however, taking advantage of more competitive prices, Uruguay imported \$850,000 worth of chilled boneless beef from Argentina, \$430,000 of frozen boneless beef also from Argentina, and \$110,000 of thermo-processed beef from Argentina and Brazil.

Uruguay has a 5.5 percent export rebate for boneless beef: 2.25 percent for bone-in beef, and between 4.5 and 6 percent for thermo-processed beef. As a Mercosur member, Uruguay applies the Common External Mercosur Tariff, which ranges from 3 to 23 percent. In general, intra-Mercosur trade pays no tariff.

The Uruguayan National Meat Institute (INAC) is actively developing beef promotional activities which they expect will serve as a tool to help differentiate Uruguayan beef in international markets. In August 2003, INAC launched the Certified Natural Beef Program, which enlisted the participation of 90 producers who, to date, have exported 94 MT of high-value beef samples, obtaining premiums of 5-7 percent. INAC has two additional promotional programs in progress for Certified Hereford and Angus Beef.

Note: Exports in carcass weight equivalent (CWE) differ from Uruguay's official data/estimates, since USDA/FAS applies an average conversion ratio of 1.36 to product weight volumes. As a result, CWE exports in the PS&D are lower than those estimated in Uruguay. Application of this different conversion ratio also increases domestic consumption data. INAC's conversion ratios are: 2.4 for thermo-processed beef; 1.02 for frozen/chilled bone-in beef; and 1.6 for frozen/chilled boneless beef.

Production

Cattle stocks in 2004 are forecast to continue to increase, as the calf crop is expected to be larger than the slaughter (plus losses) due to improved herd management, especially temporary and early weaning, and good pasture conditions. Slaughter will continue growing as a consequence of a strong demand from export markets, especially the U.S. and Canada. Imports had been temporarily halted on the upswing, due to the discovery of a case of BSE in May 2003 in the latter country. Calf production decreased in 2003 due to poor investments in pastures made the previous year as a consequence of Uruguay's financial crisis. Thus, the weaning ratio decreased to approximately 63 percent in 2003, compared to 65 percent the previous year.

Beef production is estimated at 500,000 MT for 2004, 16,000 MT higher than in 2003, due to a larger slaughter and improved export conditions. With higher cattle prices in U.S. Dollar terms, similar to prices paid before the FMD crisis, and the reopening of export markets for high-value beef cuts, Uruguayan producers are gradually recovering after the serious financial situation of the past few years.

Uruguayan beef production has been traditionally oriented towards supplying export markets, which account for an average of 70 percent of production. Feedlot production represents only 5-7 percent of the total slaughter. It is expected to increase by 6-7 percent in 2004 due

to lower grain prices. High-value beef cuts produced in feedlots are mainly used to supply export markets since, with the economic recession affecting the country, the domestic market, in general, cannot afford them.

Cattle prices have almost reached the values previous to the FMD crisis, i.e. \$0.80-0.90/kg, due to the recovery of most of the export markets. Prices are expected to remain relatively stable in 2003, and could drop marginally in 2004.

Consumption

In 2004, beef domestic consumption is expected to remain stable at 170,000 MT as in 2003, as the country is not expected to recover significantly from recession, and consumers' purchasing power will not increase significantly. Annual per capita beef consumption fell from 60 kg to approximately 50 kg in 2003. Beef is mainly consumed in urban areas and lamb in rural areas.

All beef cuts are popular in Uruguay. However, cheaper cuts have become more popular as beef prices have increased by approximately 70 percent in local currency as of June 2002, mainly because consumer prices are pegged to cattle prices. Substitute meat prices, such as pork and poultry, have also increased due to higher input (corn and soybean) prices. Estimated comparative prices are as follows: tenderloin, \$4.50/kg, and round eye, \$3.50/kg. Chicken is \$2.50/kg, and pork, \$4.50/kg. In general, more affluent consumers buy beef cuts in supermarkets (25-30 percent market share), where prices are higher, while consumers with a lower purchasing power buy in butcher shops (70-75 percent market share).

Useful Websites

<http://www.inac.gub.uy> (National Meat Institute)
<http://www.uruguaymeat.gub.uy> (National Meat Institute – Beef Promotion Program)
<http://www.mgap.gub.uy/opypa/> (Ministry of Livestock, Agriculture, and Fisheries)
<http://www.ine.gub.uy> (National Statistics Institute)
<http://www.aduanas.gub.uy> (Uruguayan Customs)

Newspapers containing agricultural supplements:

<http://www.diarioelpais.com.uy> (El Pais)
<http://www.observa.com.uy> (El Observador)

SECTION II. STATISTICAL TABLES

PSD Table

Country	Uruguay						UOM
Commodity	Meat, Beef and Veal		(1000 MT CWE)(100 0 HEAD)				
	2002	Revised Post Estimate	2003 USDA Official	Estimate Post Estimate	2004 USDA Official	Forecast Post Estimate	
	USDA Official [Old]	[New]	[Old]	[New]	[Old]	[New]	
Market Year Begin	01/2002		01/2003		01/2004		MM/YYYY
Slaughter (Reference)	1720	1720	1800	2000	0	2080	(1000 HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	421	425	440	484	0	500	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Other Imports	3	2	0	0	0	0	(1000 MT CWE)
TOTAL Imports	3	2	0	0	0	0	(1000 MT CWE)
TOTAL SUPPLY	424	427	440	484	0	500	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Other Exports	252	259	250	314	0	330	(1000 MT CWE)
TOTAL Exports	252	259	250	314	0	330	(1000 MT CWE)
Human Dom. Consumption	172	168	190	170	0	170	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	172	168	190	170	0	170	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
TOTAL DISTRIBUTION	424	427	440	484	0	500	(1000 MT CWE)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

PSD Table

Country	Uruguay						UOM
Commodity	Animal Numbers, Cattle						
	(1000 HEAD)						
	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official	Post	USDA	Post	USDA	Post	
	[Old]	Estimate	Official	Estimate	Official	Estimate	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Total Cattle Beg. Stks	11667	11667	12337	12257	12822	12465	(1000 HEAD)
Dairy Cows Beg. Stocks	380	380	380	380	0	380	(1000 HEAD)
Beef Cows Beg. Stocks	3780	4100	3750	3950	0	4100	(1000 HEAD)
Production (Calf Crop)	2600	2550	2500	2450	0	2570	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Other Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL SUPPLY	14267	14217	14837	14707	12822	15035	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Other Exports	10	10	15	12	0	6	(1000 HEAD)
TOTAL Exports	10	10	15	12	0	6	(1000 HEAD)
Cow Slaughter	830	603	825	832	0	860	(1000 HEAD)
Calf Slaughter	40	19	35	39	0	40	(1000 HEAD)
Other Slaughter	850	1098	940	1129	0	1180	(1000 HEAD)
Total Slaughter	1720	1720	1800	2000	0	2080	(1000 HEAD)
Loss	200	230	200	230	0	240	(1000 HEAD)
Ending Inventories	12337	12257	12822	12465	0	12709	(1000 HEAD)
TOTAL DISTRIBUTION	14267	14217	14837	14707	0	15035	(1000 HEAD)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Prices Table

Country Uruguay

Commodity Meat, Beef and Veal

Prices in **US\$** per uom **KG**

Year	2002	2003	% Change
Jan	1.02	1.1	8%
Feb	1.04	1.09	5%
Mar	1.04	1.13	9%
Apr	1.03	1.08	5%
May	1	1.08	8%
Jun	1	1.14	14%
Jul	1.03	1.25	21%
Aug	1.05	1.47	40%
Sep	1.09		-100%
Oct	1.11		-100%
Nov	1.12		-100%
Dec	1.09		-100%

Exchange Rate **27.75** Local Currency/US \$

Date of Quote **9/16/2003** MM/DD/YYYY

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Prices Table

Country Uruguay

Commodity Animal Numbers, Cattle

Prices in per uom

Year	2002	2003	% Change
Jan	0.55	0.58	5%
Feb	0.56	0.58	4%
Mar	0.56	0.6	7%
Apr	0.55	0.57	4%
May	0.53	0.56	6%
Jun	0.53	0.61	15%
Jul	0.55	0.68	24%
Aug	0.57	0.8	40%
Sep	0.6		-100%
Oct	0.6		-100%
Nov	0.6		-100%
Dec	0.6		-100%

Exchange Rate Local Currency/US \$

Date of Quote MM/DD/YYYY

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Uruguay

BEEF EXPORTS (metric tons)

Destination	Fresh/Chilled							Jan-June	
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Algeria								0	
Argentina	2,630	5,753	6,583	20,459	8,997	8,044	7,197	4225	5,733
Brazil	13,360	31,252	52,770	37,944	14,386	19,738	10,050	4724	1,993
Canada	0	0	22	0	111	89	75	47	2,286
Canary Island							188	656	294
Chile	1,157	1,189	3,419	6,750	4,907	4,372	1,248	11915	6,461
China								22	
Czech Republic								3	
Egypt								0	
European Union	4,442	6,480	6,827	6,982	7,805	6,719	5,380	8695	3,287
Faroe Islands	NA	0	0	0	3		0	0	
Guatemala	0	0	0	0	0	39	0	0	
Hong Kong	0	0	0	0	0	13	0	0	
Israel							242	0	
Japan	0	0	0	0	1	1	0	0	
Jordan									21
Kuwait								11	
Lebanon								22	
Mexico	0	0	0	41	942	4,071	19	0	
Netherlands Antilles	NA	NA	NA	355			0	114	
Panama	0	0	0	0	487	0	0	0	
Paraguay	74	4	215	0	0	98	0	0	
Qatar								31	
Russia								0	
Saudi Arabia	186	286	NA	99	125	118	0	10	
Switzerland	203	30	116	166	187	166	20	12	
Turkey	80	0	0	0	0	0	0	0	
United Arab Emirates								10	
United States	20	2,734	2,901	4,468	5,119	4,322	1,602	0	46

Total	22,152	47,728	72,853	77,264	43,070	47,790	26,021	30497	20121
Frozen									Jan-June
Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003
Albania	NA	0	26	0	0	0	78	49	
Algeria	0	0	0	228	1,089	1,454	492	23680	8,243
Angola						15	45	0	
Argentina	328	907	1,673	5,358	734	1,167	612	399	38
Bahamas							74	0	
Bahrain	NA	NA	NA	NA	NA	25	0	75	
Brazil	8,158	8,713	6,472	3,921	3,164	2,675	2,116	11745	2,228
Bulgaria	NA	0	426	878	100	0	127	642	
Cameroon	0	0	0	0	1		0	0	
Canada	0	138	8,303	1,044	14,887	24,527	23,263	1884	29,694
Canary Island							2,069	4006	1158
Chile	1,189	2,134	4,497	6,291	1,580	1,029	947	0	
China							1,112	2313	
Congo							3	13	
Croatia	0	15	0	0	0	25	0	0	
Cuba							228	0	
Cyprus	0	1	0	0	11	19	0	0	
Czech Republic	0	0	0	0	1	0	0	0	
Ecuador	0	0	0	17	0	0	0	0	
Egypt	0	633	0	859	0		356	8475	
European Union	16,740	14,411	22,534	19,674	11,991	9,911	10,875	18998	2,834
French Guiana	12	NA	NA	NA	NA	NA	0	0	
French Polynesia	NA	14	0	0	6	12	0	0	
Gabon	NA	3	NA	NA	NA	NA	0	0	
Greenland	0	0	0	0	9	15	0	0	
Grenada	0	0	0	0	16	32	0	0	
Guadeloupe	45	NA	NA	NA	NA	NA	0	0	
Guatemala	0	0	0	0	86	382	0	0	
Hong Kong	1,460	1,346	1,187	748	933	737	0	0	
Hungary	0	0	0	0	0	0	17	733	
Israel	0	23,589	29,621	21,758	25,137	28,088	20,020	25738	12,738
Jamaica	NA	0	7	1	0	0	0	0	
Japan	0	0	0	234	1,420	5,652	0	0	
Jordan	0	NA	91	0	0	0	130	530	793

Kazakhstan	NA	NA	NA	0	NA	4	0	0	
Korea, Republic of	0	0	0	0	0	6,861	0	0	
Kuwait									75
Latvia							250	0	
Macau	25	0	60	0	15	15	0	0	
Macedonia	NA	0	0	50	0		0	0	
Malaysia	0	0	0	0	14	14	3	464	
Martinique	47	NA	NA	NA	NA	NA	NA	9	
Mayotte									23
Mexico	0	0	0	153	5,127	13,765	422	0	
Morocco	0	0	0	0	14	15	0	0	
Netherland Antilles									47
Norway	0	0	0	0	8	3	0	0	
Oman									12
Palestinian Neutral Zone						24	18	240	
Paraguay	0	0	36	0	0	91	0	0	
Peru	420	81	391	308	55	26	81	490	
Poland	0	582	883	0	0	0	0	22	
Qatar									37
Russia	NA	0	0	1,190	219	1,246	0	11685	3,465
Saudi Arabia	294	502	NA	424	783	729	270	3312	
Senegal	NA	0	0	1	0	38	148	200	
Sierra Leone									25
Singapore	1,122	776	852	104	0	303	242	0	
Slovenia	61	0	0	0	0	0	0	0	
South Africa	0	30	548	516	1,327	2,389	904	0	898
Switzerland	1,155	504	464	297	95	132	15	68	
Trinidad & Tobago	0	0	0	28	0	1,228	0	0	
United Arab Emirates							40	181	
United States	107	17,548	16,852	8,964	15,808	14,013	7,552	0	627
Venezuela	382	42	229	891	1,560	2,127	1,180	2152	
Total	31,545	71,969	95,152	73,937	86,190	118,788	73,689	118322	62716

Processed								Jan-June	
Destination	1995	1996	1997	1998	1999	2000	2001	2002	2003
Argentina	0	0	0	382	1,448	1,922	0	0	

Barbados	NA	NA	130	105	0	0	0	0	
Brazil	8	19	698	1,347	563	160	151	12	3
Canada	88	0	0	0	0	0	0	157	
Chile	0	0	0	0	0	17	0	0	
Cyprus	0	0	0	5	0	0	0	0	
European Union	4,799	3,991	5,452	4,684	6,165	4,440	4,078	4013	2,447
Hong Kong	6	12	0	0	7	0	17	0	
Israel								4	
Jamaica	NA	55	158	71	0	0	0	17	
Japan	69	13	0	0	0	0	0	0	
Malta	0	16	0	0	0	0	0	0	
Mexico								21	
Paraguay	1	3	3	0	0	0	0	0	
Peru	0	0	0	28	22	4	5	0	
Puerto Rico						120	5	132	
Saint Helen						15		14	
Saudi Arabia	0	36	NA	0	0	0	0	0	
South Africa	0	0	0	0	15	15	0	0	
Trinidad & Tobago	0	86	69	18	0	17	0	0	
United States	2,188	2,136	1,957	2,459	1,131	1,278	2,513	3767	2,504
Total	7,159	6,367	8,467	9,099	9,351	7,988	6,769	8137	4954
Grand Total	60,856	126,064	176,472	160,300	138,611	174,566	106,479	156956	87791
Share to U.S. (%)	4%	4%	3%	5%	6%	4%	5%	4%	3%

Post's source for export statistics for 2001 -2003 was the Uruguayan National Meat Institute (INAC)

Sources: U.N. Trade for 1995-2000 and trade data of major trade partners 1995-2001.

Uruguay

BEEF IMPORTS

(metric tons)

Origin	Fresh/Chilled							Jan-Aug	
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Argentina	0	63	0	0	0	0	0	1190	22
Brazil	0	0	0	0	0	84	0	0	0
Chile	0	0	0	0	10	0	0	0	0
EU 15	1	0	0	1	0	0	0	0	0
Panama	0	0	0	26	0	0	0	0	0
United States	0	0	0	2	114	22	0	0	0
Total	1	63	0	29	124	106	0	1190	22
US market share	0%	0%	0%	7%	92%	21%	0%	0%	0%

Origin	Frozen							Jan-Aug	
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Argentina							0	826	0
Australia	0	0	0	379	0	0	0	0	0
Brazil	0	0	0	0	20	0	0	0	0
Canada	0	0	67	0	0	0	0	0	0
EU 15	2	2	0	3	0	49	0	0	0
New Zealand	0	0	0	16	0	0	0	0	0
Paraguay	52	0	0	0	12	0	0	0	0
United States	0	145	270	23	52	129	0	0	0
Total	54	147	337	421	84	178	0	826	0
US market share	0%	99%	80%	5%	62%	72%	0%	0%	0%

Origin	Processed							Jan-Aug	
	1995	1996	1997	1998	1999	2000	2001	2002	2003
Argentina	6	73	9	10	4	5	4	20	30

Brazil	74	72	31	35	60	53	94	55	9
EU 15	0	1	0	0	32	0	0	0	0
Paraguay	109	0	0	0	0	0	0	0	0
United States	0	0	0	36	23	14	0	0	0
Total	189	146	40	81	119	72	98	75	39
US market share	0%	0%	0%	44%	19%	19%	0%	0	0
Grand Total	244	356	377	531	327	356	98	2091	61
Total US market share	0%	41%	72%	11%	58%	46%	0%	0%	0%

Sources: U.N. Trade for 1995-2000 and trade data of major trade partners 1995-2001.

Post's source for import statistics for 2001-2003 was Uruguayan Customs.